



*Certified Public Accountants
and Consultants*

4501 Ford Avenue, Suite 1400, Alexandria, VA 22302
PH: 703.931.5600, FX: 703.931.3655, www. Kearneyco.com

Independent Auditor's Report

To the Architect of the Capitol

We have audited the accompanying Capitol Visitor Center (CVC) Base Building, Senate Shell Space, and House of Representatives Shell Space Obligation / Expenditure Reports for the period October 21, 1998 through September 30, 2006. The schedules are the responsibility of the Architect of the Capitol's (AOC) management. Our responsibility is to express an opinion on these schedules based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by management, as well as an evaluation of the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Notes 1 and 2, the schedules were prepared pursuant to the AOC's accounting policies as they relate to the CVC Project, which are substantially equivalent to budgetary accounting and represent a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the schedules referred to above present fairly, in all material respects, amounts approved for obligation and related reallocation, obligations incurred, and expenditures paid for the period beginning October 21, 1998 and ending September 30, 2006, of AOC for the CVC Base Building, Senate Shell Space, and House of Representatives Shell Space on the basis of accounting described in Notes 1 and 2.

A handwritten signature in cursive script that reads "Kearney & Company".

January 12, 2007
Alexandria, Virginia

Capitol Visitor Center Base Project
Obligation / Expenditure Report
For the Period Beginning October 21, 1998 and Ending September 30, 2006
(\$ in Thousands)

Project Components	BUDGET					Commitments / Obligations To Date	Expenditures To Date	Available Balance
	Total	Re-allocations and Transfers	Current 9/30/2006	Approved Obligation Authority				
AOC Administration	\$ 7,662	\$ 238	\$ 7,900	\$ 7,900	\$ 7,690	\$ 7,251	\$ 210	
Design and Construction Administration	20,838	762	21,600	21,600	21,495	20,518	105	
Other Costs	-	950	950	950	763	489	187	
Sub-total	20,838	1,712	22,550	22,550	22,258	21,007	292	
Construction Management Fees	11,550	7,800	19,350	19,350	19,312	16,628	38	
Ongoing Pre-construction Work	1,700	150	1,850	1,850	1,603	1,560	247	
Temporary Visitor Screening Facility	2,900	(770)	2,130	2,130	1,860	1,712	270	
Tree Protection	13,000	(1,850)	11,150	11,150	11,148	11,148	-	
Utility Work	2,500	-	2,500	2,500	2,402	2,070	98	
Historic Preservation	5,000	922	5,922	5,922	5,579	5,127	343	
General Conditions and Site Preparation	-	1,850	1,850	1,850	1,732	1,732	118	
Telecommunications	-	2,320	2,320	2,320	2,300	2,287	20	
Testing, Monitoring, Inspecting	-	2,622	27,722	27,722	26,626	25,636	1,096	
Sub-total	25,100							
Sequence I Construction	93,000	15,700	108,700	108,700	108,516	108,425	184	
Excavation, Foundation, and Structure	6,000	(2,450)	3,550	3,550	3,550	3,550	-	
Library of Congress Tunnel	4,000	(520)	3,480	3,480	2,867	2,659	613	
Improved House Connection	-	978	978	978	978	978	-	
Award Fee Budget	103,000	13,708	116,708	116,708	115,911	115,612	797	
Sub-total								
Sequence II Construction	90,000	42,234	132,234	132,234	118,681	96,938	13,553	
Building Systems and Architectural Fit-out	4,000	(2,595)	1,405	1,405	1,363	1,021	42	
Library of Congress Tunnel	2,000	-	2,000	2,000	1,645	1,535	355	
Enhanced Perimeter Security	-	1,200	1,200	1,200	1,200	539	-	
Award Fee Budget	96,000	40,839	136,839	136,839	122,889	100,033	13,950	
Sub-total								
Jefferson Building (LOC)	-	4,300	4,300	4,300	3,927	902	373	
East Front Interface	-	10,800	10,800	10,800	10,800	10,488	-	
Structural, MEP, and Related Construction	4,000	-	4,000	4,000	4,000	3,999	-	
Extend Existing East Front Elevators	4,000	10,800	14,800	14,800	14,800	14,487	-	
Sub-total								
Equipment Purchases (AV, Kitchen)	-	4,900	4,900	4,900	4,289	1,062	611	
Exhibit and Film Elements	18,000	3,000	21,000	21,000	19,519	12,310	1,481	
Security (Note 3)	3,000	(3,000)	-	-	-	-	-	
Construction Site Security	14,350	(13,088)	1,262	1,262	1,230	888	32	
Technical Security Design and Construction	-	950	950	950	221	-	729	
Additional Items	-	-	-	-	-	-	-	
Additional funding	100,120	(90,869)	9,251	-	-	-	-	
TOTALS	\$ 403,620	\$ (16,088)	\$ 387,532	\$ 378,281	\$ 358,672	\$ 315,816	\$ 19,609	

The accompanying footnotes are an integral part of this schedule.

**Notes to the Capitol Visitor Center Base Project Obligation / Expenditure Report
For the Period Beginning October 21, 1998 and Ending September 30, 2006**

Note 1: Summary of Significant Accounting Policies

Reporting Entity

On October 21, 1998, Congress appropriated \$100 million (CVC appropriation) without fiscal year (FY) limitation to the Architect of the Capitol (AOC) as part of the Omnibus Consolidated and Emergency Supplemental Appropriations Act (P.L. 105-277) (the Act) to provide funding for expenses necessary for the planning, design, engineering, and construction of the Capitol Visitor Center (CVC). As such, the AOC has primary responsibility for managing the CVC construction project, including hiring staff and engaging various contractors to assist in the planning, engineering, design, and construction of the CVC. In the Act, Congress expressed its desire that the CVC "provide both greater security for all persons working in or visiting the United States Capitol and a more convenient place in which to learn of the work of Congress."

On September 18, 2001, an additional \$138.5 million from the Emergency Response Fund (P.L. 107-38) was assigned to the AOC to fund the shortfall in the original CVC project budget and provide funding for additional scope items as directed by the Capitol Preservation Commission (CPC). The Capitol Preservation Fund (CPF) would provide the remaining \$65 million. At that time, the AOC had estimated that total project costs would be \$303.5 million.

On October 1, 2003, Congress appropriated an additional \$35.8 million to the AOC for the CVC project as part of the FY 2004 Legislative Branch Appropriations Act (P.L. 108-83). In addition, \$12 million was transferred to the CVC from the amounts made available to the Capitol Police Buildings and Grounds in chapter 8 of title I of the Emergency Wartime Supplemental Appropriations Act, 2003 (P.L. 108-11; 117 Stat. 586). On January 23, 2004, as part of P.L. 108-199, a rescission of .59 percent of the FY 2004 appropriation resulted in a decrease of \$211,220. At the time, the AOC had estimated that total project costs would be about \$351.3 million.

During FY 2005, the Committee on Appropriations of the House of Representatives and Senate approved a transfer of \$26.3 million from the Emergency Response Fund (P.L. 107-38) unobligated balances to incrementally fund the CVC, of which \$16 million was provided for the CVC base project.

On August 2, 2005, Congress appropriated an additional \$41.9 million to the AOC for the CVC project as part of the FY 2006 Legislative Branch Appropriations Act (P.L. 109-55); of which \$5 million is allocated to the House and Senate shell space. On December 30, 2005, as part of P.L. 109-148, a government-wide rescission of 1 percent of the FY 2006 appropriation act resulted in a decrease of \$419,000 of budget authority, of which \$50,000 is allocated to the House and Senate shell space. At the time, the AOC had estimated that total project costs would be about \$399 million. The current estimate to complete the CVC base project is \$444.2 million.

In addition, on November 12, 2001, Congress appropriated \$70 million to the AOC as part of the FY 2002 Legislative Branch Appropriations (P.L. 107-68) to be used for the development of the unassigned space within the CVC project for the House and Senate.

The CVC Base Project Obligation / Expenditure Report (the Schedule) reflects the activities and related transactions and balances determined to be directly related to the planning, design, engineering, and construction of the CVC pursuant to the policies of the AOC as summarized in this note and funded by the CVC appropriation and the \$65 million provided by the CPF. The Schedule does not include any

amounts expended for the CVC prior to October 21, 1998, nor does it include subsequent activities and transactions related to the CVC not funded through the CVC appropriation, except as noted above. The CVC appropriation for the House and Senate unassigned space is included in separate schedules specifically for those spaces. Note 2 describes the principal categories of activities and transactions related to the CVC but not included in the Schedule.

Basis of Presentation

The Schedule has been prepared to report on the total budget, outstanding commitments, obligations incurred-to-date, expenditures approved-to-date, and the status of funds approved for obligation in accordance with obligation plans for the period beginning October 21, 1998 and ending September 30, 2006. These obligation plans represent the mechanism by which the AOC seeks the House and Senate Committees on Appropriations' approval to obligate funds for each major project milestone, in accordance with the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief, 2005 (P.L. 109-13). P.L. 109-13 amended Legislative Branch Appropriations Act of 2000 (P.L. 107-68) by striking "chair and ranking minority member". P.L. 107-68 had amended Legislative Branch Appropriations Act of 2000 (P.L. 106-57) by substituting the chair and ranking minority member of the Committee on Appropriations of the House of Representatives and the Senate for the CPC as having the authority to approve obligation plans.

On September 29, 2000, the AOC agreed to inform the Chairmen of the Senate and House Subcommittees on Legislative Branch Appropriations in the event that the AOC plans to either spend funds for an expense category not delineated in an obligation plan or to exceed an expense category by the greater of 10% or \$100,000. On April 14, 2003, the Chairmen of the House of Representatives Committee on Appropriations directed the AOC to submit to the Committee a reprogramming request for any deviation from the existing obligation plans in the excess of the lesser of 10% or \$500,000. On April 22, 2003, the Chairmen of the Senate Committee on Appropriations directed the AOC to seek Committee approval for any reprogramming between approved funding categories in excess of 10% or \$250,000. Such amounts are presented in the Schedule under the column titled "Re-allocations and Transfers."

Basis of Accounting

The Schedule was prepared pursuant to AOC's accounting policies as they relate to the CVC project which are substantially equivalent to budgetary accounting and represent an other comprehensive basis of accounting (OCBOA) than generally accepted accounting principles for federal entities (GAAP). Specifically, (1) commitments represent an informal reservation of funds in the anticipation of a future obligation, (2) obligations to date represent the cumulative amount of orders placed, contracts awarded, services received, and similar transactions that have required or will require payments in future periods, (3) expenditures include disbursements in transit and outlays, that is, the issuance of checks, disbursement of cash, or electronic transfer of funds to liquidate an obligation and amounts retained on contracts as described below, and (4) available balance is the amount of current obligation authority that is not a commitment or obligation. At September 30, 2006, approximately \$9.1 million of commitments are included in the column "Commitments / Obligations To Date."

At September 30, 2006, the 10% of invoiced amounts the AOC retains pursuant to the terms of certain contracts, which is usually paid only after the AOC is satisfied with the contractor's performance in fulfilling the terms of the contract, known as "retainage", is included in expenditures. On the Schedule, the value of goods and services received but not yet authorized for payment are not included in expenditures with the exception of retainage.

Budgetary accounting comprises a definite set of criteria and is used by many federal agencies as it facilitates compliance with legal constraints and controls over the use of federal funds.

Recognition of Obligations and Expenditures

Decisions as to which activities to charge to the CVC appropriation and on the timing of these charges are made in accordance with AOC policies for the CVC project. The following represent the principal categories of obligations and expenditures relating to the CVC base project that are funded through the CVC appropriation and, therefore, are included in the Schedule:

- Those activities and transactions considered necessary to meet the scope of the CVC project as defined by the Revalidation Study as approved by the CPC, or as subsequently modified by the CPC either through directive or through approval of modifications to the project scope as described in obligation plans submitted by the AOC.
- All AOC contracts with a value of \$100,000 or more that directly benefit the CVC and would not have been entered into if the CVC were not being designed and constructed.
- All transfers of CVC project funds to other agencies to provide needed support for the CVC project.
- Salaries and benefits of AOC employees specifically hired to manage the CVC project, unless otherwise mandated by Congress or the CPC.
- Travel expenses incurred by the CVC project staff and other AOC staff in support of this project, regardless of value.

Note 2: Activities relating to the CVC but not included in the Schedule

The following represent the principal categories of obligations and expenditures relating to the CVC that are not funded through the CVC appropriation and, therefore, are not included in the Schedule:

- Any amounts expended prior to October 21, 1998.
- Indirect costs, overhead allocations, and the salary and benefit costs of AOC personnel who, as part of their normal duties, perform work in support of the CVC Project.
- Direct expenses borne by other agencies in support of the design and construction of the CVC.
- Amounts expended by the Capitol Preservation Fund (CPF) for the CVC ceremonial groundbreaking activities or design studies on a tunnel linking the CVC to the Library of Congress.
- Office supplies and other incidental items that are typically kept in the AOC's stores or otherwise supplied by the AOC's Office Services Division.
- Furniture, moving, phone and data equipment and connections or other items that would otherwise be considered "tenant" costs for newly constructed space.
- Cost of relocating offices or facilities that are temporarily or permanently displaced by CVC construction.
- Amounts approved and expended for the CVC operational costs.

Note 3: Transfer of funds from CVC appropriation

Chapter 9 in Division B of the Fiscal Year 2002 Defense Appropriations Act (P.L. 107-117), states, "...any Legislative Branch entity receiving funds pursuant to the Emergency Response Fund...may transfer any funds provided to the entity to any other Legislative Branch account in an amount equal to that required to provide support for security enhancements, subject to the approval of the Committees on Appropriations of the House of Representatives and Senate." Per P.L. 107-38, the CVC received \$138.5 million from the

Emergency Response Fund. On March 22, 2002, with prior approval of the Committees on Appropriations of the House of Representatives and Senate, the CVC transferred \$3 million to the United States Capitol Police Board. The Capitol Police will use these funds to support the construction site security and temporary visitors screening operations related to the CVC. These funds were included in the Construction Phase Obligation Plan approved on March 7, 2002.

On August 7, 2003, with prior approval of the Committees on Appropriations of the House of Representatives and Senate, the CVC transferred an additional \$9 million to the United States Capitol Police Board. The Capitol Police will use these funds for the design, installation, and procurement of security systems for the CVC.

On May 9, 2005, with prior approval of the Committees on Appropriations of the House of Representatives and Senate, the CVC transferred an additional \$4.088 million to the United States Capitol Police Board. The Capitol Police will use these funds for the procurement of security systems for the CVC. These transfers effectively reduced the obligation authority to \$378.281 million.

Note 4: Subsequent Events

An obligation plan was submitted to the House of Representatives and Senate Committees on Appropriations on November 30, 2006, requesting obligation authority of \$3.82 million from the undistributed balance, and obligation authority of \$7.36 million from the FY 2007 Continuing Resolution. The Chairman of the Senate Committee on Appropriations approved the obligation plan as requested on December 1, 2006, and the Chairman of the House of Representatives Committee on Appropriations approved the obligation plan as requested on December 19, 2006.

Capitol Visitor Center - House Shell Space
Obligation / Expenditure Report
For the Period Beginning November 12, 2001 and Ending September 30, 2006
(\$ in Thousands)

Project Components	BUDGET					Commitments / Obligations To Date	Expenditures To Date	Available Balance
	Total	Re-allocations and Transfers	Current, 9/30/06	Current Obligation Authority				
Design, Planning, and Administrative costs								
AOC Administration and Miscellaneous Soft Costs	\$ 1,750	\$ (675)	\$ 1,075	\$ 1,075	\$ 974	\$ 939	\$ 101	
Design and Construction Administration	2,250	250	2,500	2,500	2,363	2,337	137	
Design and Construction Documents	1,000	(500)	500	500	492	423	8	
Construction Administration								
Construction Management Fees	1,500	-	1,500	1,500	1,500	1,500	-	
Design/Procurement Phase	1,000	(500)	500	500	500	500	-	
Construction Phase								
Subtotal	7,500	(1,425)	6,075	6,075	5,829	5,699	246	
Construction Costs								
Sequence 1: Foundation and Structure	27,500	(27,500)	-	-	-	-	-	
Sequence 2: Building Fit-out	-	3,453	3,453	3,453	3,453	3,453	-	
Remaining Shell Space Fit-out costs	-	11,000	11,000	11,000	10,898	8,826	102	
Total Construction Costs	27,500	7,125	34,625	34,625	34,523	23,207	102	
Additional Funding	2,475	-	2,475					
TOTALS	\$ 37,475	\$ 5,700	\$ 43,175	\$ 40,700	\$ 40,352	\$ 28,906	\$ 348	

The accompanying footnotes are an integral part of this schedule.

Notes to the Capitol Visitor Center – House Shell Space Obligation / Expenditure Report For the Period Beginning November 12, 2001 and Ending September 30, 2006

Note 1: Summary of Significant Accounting Policies

Reporting Entity

On October 21, 1998, Congress appropriated \$100 million (CVC appropriation) without fiscal year (FY) limitation to the Architect of the Capitol (AOC) as part of the Omnibus Consolidated and Emergency Supplemental Appropriations Act (P.L. 105-277) (the Act) to provide funding for expenses necessary for the planning, design, engineering, and construction of the Capitol Visitor Center (CVC). As such, the AOC has primary responsibility for managing the CVC construction project, including hiring staff and engaging various contractors to assist in the planning, engineering, design, and construction of the CVC. In the Act, Congress expressed its desire that the CVC “provide both greater security for all persons working in or visiting the United States Capitol and a more convenient place in which to learn of the work of Congress.”

On November 12, 2001, Congress appropriated \$70 million in the FY 2002 Legislative Branch Appropriations Act (P.L. 107-68) to the AOC to be used for the development of the unassigned space within the CVC project for the House and Senate.

During FY 2005, the Committee on Appropriations of the House of Representatives and Senate approved a transfer of \$26.3 million from the Emergency Response Fund (P.L. 107-38) unobligated balances to incrementally fund the CVC, of which \$5.7 million was provided for the CVC House shell space.

On August 2, 2005, Congress appropriated an additional \$41.9 million in the FY 2006 Legislative Branch Appropriations Act (P.L. 109-55) for the CVC; of which \$2.5 million is allocated to the House shell space. On December 30, 2005, as part of P.L. 109-148, a government-wide rescission of 1 percent of the FY 2006 appropriation act resulted in a total decrease of \$419,000 of budget authority, of which \$25,000 is allocated to the House shell space. At the time, the AOC had estimated that total project costs would be about \$43.2 million for the House shell space.

The CVC House Shell Space Obligation / Expenditure Report (the Schedule) reflects the activities and related transactions and balances determined to be directly related to the planning, design, engineering, and construction of the CVC House shell space build-out pursuant to the policies of the AOC as summarized in this note and funded by the CVC appropriation for the House shell space. The Schedule does not include any amounts that were included in the CVC Base Project for the construction of the shell space structure. The \$43.2 million provided is for subsequent changes to the structure and for the build-out of the space. The current estimate to complete the House shell space is \$43.2 million. Note 2 describes the principal categories of activities and transactions related to the CVC House shell space but not included in the Schedule.

Basis of Presentation

The Schedule has been prepared to report on the total budget, outstanding commitments, obligations incurred-to-date, expenditures approved-to-date, and the status of funds approved for obligation in accordance with obligation plans for the period beginning November 12, 2001 and ending September 30, 2006. These obligation plans represent the mechanism by which the AOC seeks the House Committee on Appropriations’ approval to obligate funds for the project, in accordance with the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief, 2005 (P.L.

109-13). P.L. 109-13 amended Legislative Branch Appropriations Act of 2000 (P.L. 107-68) by striking “chair and ranking minority member”.

On April 14, 2003, the Chairmen of the House of Representatives Committee on Appropriations directed the AOC to submit to the Committee a reprogramming request for any deviation from the existing obligation plans in the excess of the lesser of 10% or \$500,000. Such amounts are presented in the Schedule under the column titled “Re-allocations and Transfers.”

Basis of Accounting

The Schedule was prepared pursuant to AOC’s accounting policies as they relate to the CVC project which are substantially equivalent to budgetary accounting and represent an other comprehensive basis of accounting (OCBOA) than generally accepted accounting principles for federal entities (GAAP). Specifically, (1) commitments represent an informal reservation of funds in the anticipation of a future obligation, (2) obligations to date represent the cumulative amount of orders placed, contracts awarded, services received, and similar transactions that have required or will require payments in future periods, (3) expenditures include disbursements in transit and outlays, that is, the issuance of checks, disbursement of cash, or electronic transfer of funds to liquidate an obligation and amounts retained on contracts as described below, and (4) available balance is the amount of current obligation authority that is not a commitment or obligation. At September 30, 2006, approximately \$3.4 million of commitments is included in the column “Commitments / Obligations To Date.”

At September 30, 2006, the 10% of invoiced amounts the AOC retains pursuant to the terms of certain contracts, which is usually paid only after the AOC is satisfied with the contractor’s performance in fulfilling the terms of the contract, known as “retainage”, is included in expenditures. On the Schedule, the value of goods and services received but not yet authorized for payment are not included in expenditures with the exception of retainage.

Budgetary accounting comprises a definite set of criteria and is used by many federal agencies as it facilitates compliance with legal constraints and controls over the use of federal funds.

Recognition of Obligations and Expenditures

Decisions as to which activities to charge to the CVC House Shell Space appropriation and on the timing of these charges are made in accordance with AOC policies for the CVC project. The following represent the principal categories of obligations and expenditures relating to the CVC project that are funded through the CVC appropriation and, therefore, are included in the Schedule:

- Those activities and transactions considered necessary to meet the scope of the CVC House shell space project as defined and approved by the House of Representatives leadership staff, or as subsequently modified by the House either through directive or through approval of modifications to the project scope as described in obligation plans submitted by the AOC.
- Salaries and benefits of AOC employees specifically hired to manage the CVC project, unless otherwise mandated by Congress or the Capitol Preservation Commission (CPC). Expenditures of salaries and benefits are allocated from the CVC base project to the shell space based on percentage of project funding.
- Travel expenses incurred by the CVC project staff and other AOC staff in support of this project, regardless of value.

Note 2: Activities relating to the CVC House Shell Space but not included in the Schedule

The following represent the principal categories of obligations and expenditures relating to the CVC House Shell Space that are not funded through the CVC House Shell Space appropriation and, therefore, are not included in the Schedule:

- Indirect costs, overhead allocations, and the salary and benefit costs of AOC personnel who, as part of their normal duties, perform work in support of the CVC Project.
- Direct expenses borne by other agencies in support of the design and construction of the CVC.
- Office supplies and other incidental items that are typically kept in the AOC's stores or otherwise supplied by the AOC's Office Services Division.
- Furniture, moving, phone, and data equipment and connections, or other items that would otherwise be considered "tenant" costs for newly constructed space.
- Cost of relocating offices or facilities that are temporarily or permanently displaced by CVC construction.
- Amounts approved and expended for the CVC operational costs.

Note 3: Subsequent Events

An obligation plan was submitted to the House of Representatives Committee on Appropriations on November 30, 2006, requesting obligation authority of \$2,325,000 for the *Remaining Shell Space Fit-out costs* line item and \$150,000 for the *AOC Administration and Miscellaneous Soft Costs* line item. The Chairman approved this request on December 19, 2006.

Capitol Visitor Center - Senate Shell Space
Obligation / Expenditure Report
For the Period Beginning November 12, 2001 and Ending September 30, 2006
(\$ in Thousands)

Project Components	BUDGET				Commitments / Obligations To Date	Expenditures To Date	Available Balance
	Total	Re-allocations and Transfers	Current, 9/30/06	Current Obligation Authority			
Design, Planning, and Administrative costs	\$ 7,500	\$ (7,500)	\$ -	\$ -	\$ -	\$ -	\$ -
AOC Administration and Miscellaneous Soft Costs	-	1,055	1,055	1,055	955	919	100
Design and Construction Administration	-	2,950	2,950	2,950	2,867	2,773	83
Construction Management Fees	-	2,000	2,000	2,000	2,000	2,000	-
Subtotal	7,500	(1,495)	6,005	6,005	5,822	5,692	183
Construction Costs	27,500	(27,500)	-	-	-	-	-
Sequence 1: Foundation and Structure	-	1,750	1,750	1,750	1,750	1,750	-
Sequence 2: Building Fit-out	-	11,000	11,000	11,000	10,813	8,798	187
Remaining Shell Space Fit-out costs	-	20,925	20,925	20,925	20,079	11,438	846
Total Construction Costs	27,500	6,175	33,675	33,675	32,642	21,986	1,033
Additional Funding	\$ 2,475	\$ (80)	\$ 2,395				
TOTALS	\$ 37,475	\$ 4,600	\$ 42,075	\$ 39,680	\$ 38,464	\$ 27,678	\$ 1,216

The accompanying footnotes are an integral part of this schedule.

Notes to the Capitol Visitor Center – Senate Shell Space Obligation / Expenditure Report For the Period Beginning November 12, 2001 and Ending September 30, 2006

Note 1: Summary of Significant Accounting Policies

Reporting Entity

On October 21, 1998, Congress appropriated \$100 million (CVC appropriation) without fiscal year (FY) limitation to the Architect of the Capitol (AOC) as part of the Omnibus Consolidated and Emergency Supplemental Appropriations Act (P.L. 105-277) (the Act) to provide funding for expenses necessary for the planning, design, engineering, and construction of the Capitol Visitor Center (CVC). As such, the AOC has primary responsibility for managing the CVC construction project, including hiring staff and engaging various contractors to assist in the planning, engineering, design, and construction of the CVC. In the Act, Congress expressed its desire that the CVC “provide both greater security for all persons working in or visiting the United States Capitol and a more convenient place in which to learn of the work of Congress.”

On November 12, 2001, Congress appropriated \$70 million in the FY 2002 Legislative Branch Appropriations (P.L. 107-68) to the AOC to be used for the development of the unassigned space within the CVC project for the House and Senate.

During FY 2005, the Committee on Appropriations of the House of Representatives and Senate approved a transfer of \$26.3 million from the Emergency Response Fund (P.L. 107-38) unobligated balances to incrementally fund the CVC, of which \$4.6 million was provided for the Senate shell space.

On August 2, 2005, Congress appropriated an additional \$41.9 million in the FY 2006 Legislative Branch Appropriations Act (P.L. 109-55) for the CVC; of which \$2.5 million is allocated to the Senate shell space. On December 30, 2005, as part of P.L. 109-148, a government-wide rescission of 1 percent of the FY 2006 appropriation act resulted in a total decrease of \$419,000 of budget authority, of which \$25,000 is allocated to the Senate shell space. At the time, the AOC had estimated that total project costs would be about \$42.1 million for the Senate shell space.

The CVC Senate Shell Space Obligation / Expenditure Report (the Schedule) reflects the activities and related transactions and balances determined to be directly related to the planning, design, engineering, and construction of the Senate shell space build-out pursuant to the policies of the AOC as summarized in this note and funded by the CVC appropriation for the Senate shell space. The Schedule does not include any amounts that were included in the CVC Base Project for the construction of the shell space structure. The \$42.1 million provided is for subsequent changes to the structure and for the build-out of the space. The current estimate to complete the Senate shell space is \$42.1 million. Note 2 describes the principal categories of activities and transactions related to the CVC Senate Shell Space but not included in the Schedule.

Basis of Presentation

The Schedule has been prepared to report on the total budget, outstanding commitments, obligations incurred-to-date, expenditures approved-to-date, and the status of funds approved for obligation in accordance with obligation plans for the period beginning November 12, 2001 and ending September 30, 2006. These obligation plans represent the mechanism by which the AOC seeks the Senate Committee on Appropriations’ approval to obligate funds for the project, in accordance with the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief, 2005 (P.L.

109-13). P.L. 109-13 amended Legislative Branch Appropriations Act of 2000 (P.L. 107-68) by striking “chair and ranking minority member”.

On April 22, 2003, the Chairmen of the Senate Committee on Appropriations directed the AOC to seek Committee approval for any reprogramming between approved funding categories in excess of 10% or \$250,000. Such amounts are presented in the Schedule under the column titled “Re-allocations and Transfers.”

Basis of Accounting

The Schedule was prepared pursuant to AOC’s accounting policies as they relate to the CVC project which are substantially equivalent to budgetary accounting and represent an other comprehensive basis of accounting (OCBOA) than generally accepted accounting principles for federal entities (GAAP). Specifically, (1) commitments represent an informal reservation of funds in the anticipation of a future obligation, (2) obligations to date represent the cumulative amount of orders placed, contracts awarded, services received, and similar transactions that have required or will require payments in future periods, (3) expenditures include disbursements in transit and outlays, that is, the issuance of checks, disbursement of cash, or electronic transfer of funds to liquidate an obligation and amounts retained on construction contracts as described below, and (4) available balance is the amount of current obligation authority that is not a commitment or obligation. At September 30, 2006, approximately \$2.7 million of commitments is included in the column “Commitments / Obligations To Date.”

At September 30, 2006, the 10% of invoiced amounts the AOC retains pursuant to the terms of certain contracts, which is usually paid only after the AOC is satisfied with the contractor’s performance in fulfilling the terms of the contract, known as “retainage”, is included in expenditures. On the Schedule, the value of goods and services received but not yet paid for are not included in expenditures with the exception of retainage.

Budgetary accounting comprises a definite set of criteria and is used by many federal agencies as it facilitates compliance with legal constraints and controls over the use of federal funds.

Recognition of Obligations and Expenditures

Decisions as to which activities to charge to the CVC Senate Shell Space appropriation and on the timing of these charges are made in accordance with AOC policies for the CVC project. The following represent the principal categories of obligations and expenditures relating to the CVC project that are funded through the CVC appropriation and, therefore, are included in the Schedule:

- Those activities and transactions considered necessary to meet the scope of the CVC Senate shell space project as defined and approved by the Senate, or as subsequently modified by the Senate either through directive or through approval of modifications to the project scope as described in obligation plans submitted by the AOC.
- Salaries and benefits of AOC employees specifically hired to manage the CVC project, unless otherwise mandated by Congress or the Capitol Preservation Commission (CPC). Expenditures of salaries and benefits are allocated from the CVC base project to the shell space based on percentage of project funding.
- Travel expenses incurred by the CVC project staff and other AOC staff in support of this project, regardless of value.

Note 2: Activities relating to the CVC but not included in the Schedule

The following represent the principal categories of obligations and expenditures relating to the CVC that are not funded through the CVC Senate Shell Space appropriation and, therefore, are not included in the Schedule:

- Indirect costs, overhead allocations, and the salary and benefit costs of AOC personnel who, as part of their normal duties, perform work in support of the CVC Project.
- Direct expenses borne by other agencies in support of the design and construction of the CVC.
- Office supplies and other incidental items that are typically kept in the AOC's stores or otherwise supplied by the AOC's Office Services Division.
- Furniture, moving, phone, and data equipment and connections, or other items that would otherwise be considered "tenant" costs for newly constructed space.
- Cost of relocating offices or facilities that are temporarily or permanently displaced by CVC construction.
- Amounts approved and expended for the CVC operational costs.

Note 3: Subsequent Events

An obligation plan was submitted to the Senate Committee on Appropriations on November 30, 2006, requesting obligation authority of \$2,245,000 for *Remaining Shell Space Fit-out costs* line item and \$150,000 for *AOC Administration and Miscellaneous Soft Costs* line item from the undistributed balance. The Chairman approved this request on December 1, 2006.